By Email: oftobuild@ofgem.gov.uk
29th May 2024

Dear Ho Man Lo, Richard Johnson and Agustin Mengoni,

Re: Consultation on initial proposals for an OFTO Build model to deliver non-radial offshore transmission assets

About RWE

RWE is the leading power generator in the UK, supplying around 15% of the country's electricity, with a diverse operational portfolio of onshore wind, offshore wind, hydro, biomass and gas. We produce enough energy to power the equivalent of around 14 million UK homes.

RWE intends to maintain the pace of investment with the ambition to invest around €8 billion net in the years 2024 to 2030 in developing clean energy projects in the UK to support the energy transition. We have ambitious plans to expand our UK footprint, with nine new offshore wind farms in development, c.2GW of onshore wind and 4.4GW of solar. Complementing our renewables pipeline, we have over 3.6GW of battery storage under development, and we are in the early stages of developing three gas carbon capture and storage (CCS) projects across the UK, totalling up to 4.5GW. In addition, as a key component in the energy transition, RWE is targeting 2GW of green hydrogen production by 2030 in its core markets – including the UK.

We directly employ over 3,100 people across the UK and our planned investment will continue to create green jobs, developing green skills up and down the country.

RWE welcomes the opportunity to respond to this consultation on initial proposals for an OFTO Build model to deliver non-radial transmission assets.

The current OFTO regime was designed for offshore wind as a nascent sector, intending to deliver up to 10GW of capacity. However, in the 15 years since, the size and complexity of offshore windfarms has grown, and many issues have arisen with the status quo. Urgent change is now needed to address the key issues and ensure that there is an offshore transmission regime which is fit for the future. The current regime creates an unfair imbalance of risk between the developer and OFTO from the negotiation of sale through to the operations phase and even for future decommissioning requirements. It is right that Ofgem and government are now looking at how to address this – through consultations such as this, and the recent Call for Evidence that was issued by DESNZ[1].

We support the inclusion of an updated 'OFTO build' or 'TO build' model for non-radial assets as a delivery model *option*, alongside the existing 'generator build' delivery model. **Overall, having protections in place to prevent grid delays, and a fair system of compensation if they do occur** are two of our biggest concerns from a developer perspective, and our responses to the consultation are informed by these concerns.

RWE's overarching messages are:

[1] https://www.gov.uk/government/calls-for-evidence/offshore-transmission-owner-ofto-regime

- A revised regime is needed to enable third-party build as a commercial reality - this is critical to deliver shared grid in an efficient way.
- Clarity is needed on the compensation that would be provided for non-availability of assets (due to poor construction, equipment faults etc.) in an 'OFTO build' scenario. Unless generators are fairly and fully compensated for grid delays, it is highly unlikely that an 'OFTO build' model would be commercially viable.
- Ofgem must prioritise the financial robustness and experience of third party grid owner-operators in a way which is not seen in the current regime
- OFTOs (which at present are thinly capitalised SPVs) will need to be able to take on additional risk (construction risk etc.) and still get insurance cover.

Please find our responses to the consultation below, including key points and answers to the questions in the consultation document.

Yours Sincerely,

Daniel de Wijze

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RWE Renewables

Key points

A changing role for OFTOs

Under the 'generator build' model, OFTOs do not design, procure or build the assets which they own and operate. In addition, they often have a third party contracted to undertake maintenance during the lifetime of the asset. This model both provides generators with control over delivery of their transmission link to shore, and shields OFTOs from taking on any substantial construction or design risks, which are instead covered by the generator. In theory, this provides value for money for OFTO delivery and allows the OFTOs to enjoy a low cost of capital when transferred (by making them an attractive vehicle for investors).

In reality, the structure of the OFTO regime requires substantial reform to continue to meet the objectives it was set for; RWE responded to the DESNZ call for evidence on this topic, and has shared this with Ofgem.

Regardless, a shift towards a coordinated offshore transmission network and an 'OFTO build' model, which requires OFTOs to build assets and act more like an onshore TO, will require a different type of actor altogether. Entrants into the tender process for an OFTO license will have to be technically experienced, financially robust enough to take on construction risk, and able to interact with multiple generators with connection agreement contracts who need to connect to the transmission network (this is highly likely to be on different timescales).

Integration of onshore and offshore transmission

The shift to an OFTO that is responsible for construction (and possibly procurement), as well as the introduction of central planning (via the Holistic Network Design and upcoming Centralised Strategic Network Plan) signals that there should be much less separation between *onshore* and *offshore* transmission networks, and how they are managed. In other words, if OFTOs are going to build key transmission infrastructure that links up multiple wind farms, they need to act like and be financed more like onshore TOs.

Construction risk and compensation for grid delays

A fundamental question is raised over whether OFTOs as we know them today are able to take on construction risk; for the OFTO, undertaking construction changes the financing options that are available. If the risks are too high, the OFTO will struggle to secure suitable finance. It is RWE's view that if OFTOs cannot take on construction risk, they should not be undertaking construction, and an onshore TO[2] (alongside a reformed framework for a third-party offshore transmission owner) would be a more suitable entity to undertake the works.

For offshore wind farms, the transmission link to shore is the only route to market, and any issues or delays have a big impact on the business case of the project. As such, RWE is calling for Ofgem to **introduce appropriate compensation for grid delays**. Great Britain is an outlier in this regard compared to the precedent set in many countries in Europe (see response to Qs 4&5 for more details). If generators are going to have less control over the construction and management of the transmission links that they rely on, then the regime needs to recognise this and provide remuneration when things go wrong. It is essential that alongside such compensation, measures are put in place to discourage OFTOs from exaggerating the likely timescale for delivery in order to minimise risk of having to pay compensation. This could be achieved, for example, by including delivery timelines in the tendering process (so OFTOs compete not only on price, but speed of delivery – see below).

An updated tender process

RWE seeks clarification on how the OFTO tender process would weight suitability criteria of bidders in the 'OFTO build' model. Under the 'generator build' model, once bidders have satisfied the pre-qualification requirements, then the tender is awarded on the basis of lowest cost. RWE has long called for suitability criteria to be tightened, and considers it a critical element of any future 'OFTO build' model. We would like to understand how Ofgem intends to weight the bids in the tender (will focus be on speed of delivery, quality of equipment, financial backing etc.) and we anticipate that the methodology will be both consulted on and made publicly available. This information is very important for offshore wind developers, as the OFTO will be in control of delivering the key piece of transmission infrastructure for their offshore wind projects. The developer has no say in which bidder wins the tender, despite their crucial role in the overall success of the wind farm.

Cost assessment

At present under the 'generator build' model, Ofgem conducts a cost assessment to determine the final transfer value (FTV) when the transmission assets are divested from the developer to the OFTO. Under 'OFTO build', the OFTO will be taking on responsibility for the transmission assets at a much earlier stage, either for procurement or construction. As such, would the OFTO be subject to a suitably rigorous cost assessment in order to avoid passing on 'uneconomic' costs into the TRS?

Consultation Questions

Procurement under a late competition OFTO Build

1. Which party should be responsible for procurement in the late competition OFTO build model and why?

RWE sees pros and cons for both of the options suggested by Ofgem. The immediate risk is simply that OFTOs do not have prior experience engaging in procurement activities, which

[2] Examples include NGET, TenneT, Energinet

places them at a disadvantage in the market. At the time of writing (May 2024), the supply chain is extremely constrained, leading to a 'sellers' market; this dynamic has a big influence on procurement. In our experience, suppliers are unwilling to engage with projects until they have achieved consent, and can select the projects they prefer to supply. Under Option 1 (*OFTO undertakes procurement*), there is a risk that the OFTO may struggle to procure the necessary equipment and materials specified in the detailed design, leading to delays in delivery timeframes and additional costs – in part due to a lack of 'buying power' associated with high volumes of orders. By contrast, TOs can place large orders; for example, in 2023 TenneT secured a package of multiple transmission systems for use in several markets[3].

To provide greater certainty and reassurance, Ofgem could add a requirement to the pre-qualification stage of the OFTO tender process which requires bidders to have relevant technical and/or procurement experience in a different market (or a partner which does). This would act as a barrier to unexperienced bidders which would likely struggle to undertake procurement upon entering the OFTO market. We also note that if the OFTO is undertaking procurement, there needs to be good communication between them and the relevant developers/projects in order to make sure that the transmission assets are aiming to the correct dates for delivery, are fit for purpose and have an appropriate lifetime. Lack of coordination on this point could lead to the OFTO delivering transmission assets with a design life that is too short to support any life extension or repowering decisions that are made further down the line. In general, the offshore transmission network should be built with longevity and stability in mind.

Under the 'OFTO build' model OFTOs will be expected to construct complex transmission assets for multiple windfarms, and as such will need to be robustly financed entities, unlike the special-purpose vehicles (SPVs) we see in the market today. **It is reasonable to expect that under a framework which enables the creation of future financially robust and technically competent OFTOs, they should be able to conduct their own procurement as necessary.** As a result, we do not agree with Ofgem's view that Option 2 (*generator undertakes procurement*) is the best choice for the short- to medium-term. While generators have more experience, splitting procurement and construction is unnecessarily complex, and adds further issues to the tender and divestment process. The generators will need to spend time and effort negotiating multiple contracts, only to then pass them on to the OFTO, which may not be satisfied with the terms agreed.

Implementation of Option 2 could lead to additional issues, including:

- How are construction contracts transferred between the generator and the OFTO?
- Risk that OFTOs will not be happy with the contracts that the generator obtains once the costs are passed on via the tender process. Will the OFTOs seek some sort of response or compensation as a result?
- Will the OFTO have an opportunity to influence performance specifications and warranties in order to suit their interests?
- RWE is concerned that we would lose out of the value of the contracts as a result of Ofgem's cost assessment process. Under the 'generator build' model, 5-10% of the value is regularly written off by Ofgem during divestment as part of the cost assessment process (the reasoning is that the process is not deemed as "economic and efficient" enough). This situation cannot be replicated for Option 2 – there is no incentive for generators to spend time an effort negotiating contracts, only for them to immediately lose 5-10% of their value. Resources spent on securing a good outcome from negotiations are highly unlikely to be recovered or reimbursed.

[3] Around €30 billion: Europe's largest-ever contracting package for security of supply, the energy transition and climate protection launched (tennet.eu)

- RWE encourages Ofgem to develop a framework for 'OFTO build' which enables developers (and consumers) to trust that these entities are suitable to procure, construct and operate the assets it will own to a high standard. A downside of piecemeal OFTO tenders remains that OFTOs lack 'buying power' in a market which is over-subscribed. This could be overcome by way of a framework for OFTOs and TOs to collaborate in purchasing assets.

Finally, regarding Ofgem's view as laid out in paragraph 2.18 of the consultation document: *"both OFTOs and generators have strong commercial motivations for delivering high quality and reliable assets that are compliant with industry codes and standards"*

RWE considers that based on the current proposals for 'OFTO build', the commercial motivations for generators are far stronger than for OFTOs. In Ofgem's current proposals for 'OFTO build' there is a lack of suitable penalty for late delivery of grid; for developers, late delivery of grid is not acceptable. For example, this could lead to negative commercial outcomes including additional leasing fees. Under the current 'generator build' model, delivery of the turbines and grid assets can be fully aligned in construction schedule, with aligned commercial interests. Beyond pure commercial issues, delayed grid delivery could even cause damage to turbines which require power for essential maintenance. It is therefore critical that Ofgem works with both OFTOs and developers to create a framework for future OFTOs which can level the playing field, so that the above statement Ofgem has made is indeed the case. RWE is ready and willing to participate in these discussions.

Tender process

2. At what point should the OFTO tender process commence? Does option 1 or option 2 present the best approach?

Once again, we see pros and cons for both of the options suggested by Ofgem. We agree that Option 1 (*tender commences at grant of consent*) represents a less risky approach; for Option 2 (*tender commences at consent submission*), our experience tells us that the supplier market would simply not engage with prospective OFTO buyers at this stage (at least whilst the market is so hot). While the DCO process is designed to last for approximately 16 months, it can be held up by reasons such as applications for a DCO not being accepted by the Planning Inspectorate, requests for additional information during the Examination period, judicial reviews, and delays in decision making.

However, we are seeing considerable pressure on project delivery, and if it is agreed that procurement will only start after the DCO is awarded (Option 1), it would be helpful for CfD auction criteria to be revised to recognise that the OFTO is responsible for the delivery of the transmission system, which adds another activity on the critical path for subsequent tendering of substations.

In the consultation document, the two options refer to the grant of consent for a single windfarm, but as the 'OFTO build' framework is being considered for building transmission infrastructure that will be used by multiple offshore wind projects, will Ofgem wait to start the tender until all of the projects have gained consent? This could add big delays to the timeline of the earlier running projects. Therefore, would the OFTO seek to gain consent for the transmission assets early?

The introduction of coordinated offshore infrastructure via the 'OFTO build' model raises wider questions about the potential impacts on engineering and consenting. At present, the offshore substation platform (OSP) is designed by the generator and tailored to meet the

needs of a specific wind farm. For the 'OFTO build' model, the OSP needs to be able to accommodate multiple connections and windfarms with different capacities. Such issues were raised during the Offshore Transmission Network Review and no definitive resolution was found. Has Ofgem considered how multiple developers and the OFTO will need to work together to locate, design and consent such an OSP, as well as the export cables and onshore substation(s)? We also note that other key stakeholders will need to involved, such as the Crown Estate (regarding the contents of the Agreement for Lease) and NGESO/NESO.

3. Do you agree with the view that, providing stakeholder engagement is properly conducted ahead of consent submission, generators should have a reasonably clear view, at the time of consent submission, as to whether the consent is likely to be granted in the form requested, and that an OFTO would be comfortable to submit tender bids on this basis?

No, we do not agree with this view. Generators do not have a clear view as to whether the consent is likely to be granted in the form requested. Generators will seek to minimise the risks to the consenting process as far as possible prior to submission and will submit a proposed Development Consent Order with their application. However, due to the complex nature of Nationally Significant Infrastructure Projects, it is inevitable that changes arise during the examination of the application, and the final DCO (if granted) will evolve during the process. The extent to which these changes are significant will depend on the issues which arise during examination.

Timely Delivery

4. As compared with commercial liquidated damages, how effective are options 1 and 2 in incentivising timely delivery and managing the risk of delay? Could these options make OFTO build a meaningful option for the generators?

5. How can the OFTO delay charge and consumer underwriting in option 1, as well as the TRS loss in option 2 be appropriately set and executed?

As Ofgem has correctly highlighted, generators have not chosen to utilise the 'OFTO build' model in its present form for radial transmission infrastructure, as it results in a loss of control over development and construction activities. If the crucial transmission link to shore (the only route to market for the wind farm) is not ready in time, this has a big impact on the business case of the project. In addition, delays to multiple wind farms could have a reputational impact on offshore wind in the UK (its perceived effectiveness and reliability). The focus should be on timely delivery by all parties to the windfarm, and as such, the intention to introduce a mechanism that allocates delay risk to the OFTO is welcome.

Regarding Option 1 (*standardised delay charge*), the setting out of a clear standard delay charge is helpful, but we have concerns regarding the fact that generators will only be paid upon *completion* of the assets. This means that generators will still have to shoulder a loss while they are waiting for the transmission infrastructure to be completed.

A conventional method of compensation would require OFTOs to pay liquidated damages (LD) to generators, incentivising the OFTO to complete construction on time. LDs are commercially negotiated, however the choice of delivery model must be made before an OFTO is chosen and negotiations commence. From the OFTO side, negotiating with multiple generators (which will end up using the co-ordinated transmission infrastructure) about LDs is a complex and lengthy process. If there is a delay and multiple generators need to be compensated, the amount may be too large for an OFTO to be able to construct a

financeable bid. In general, LDs are a blunt tool that are not particularly effective and tend to come into play only towards the end of the project when opportunities to recover schedule are limited. It is much more preferable to incentivise progress and quality from the outset of the work.

Compensation is likely to be significant as it would need to cover grid liabilities and lease fees plus reasonable further costs as necessary, for example those associated with a CfD. **Ofgem should take precedent from the regimes used in other European countries, by ensuring that the generator is paid a fixed amount per MWh which cannot be exported to the grid after a particular completion date (as long as the generator is ready to export).** Great Britain is an outlier in not providing compensation for connection delay – see the table below for more details.

Table 1: Lack of availability compensation in UK compared to other European countries

Country	TSO	Consequences for delays to contracted connection dates
Germany	TenneT/ 50 Hertz	- Compensation from the TSO for the MWh which could not be injected into the grid from the 11th day after the binding completion date (if a project is ready to export) - Compensation is 90% of the direct market price in accordance with the Renewable Energy Sources Act, minus 0.4¢ per kWh - If the project operator is responsible for the delay, no compensation is paid
Denmark	Energinet	- For tenders, if TSO does not meet the deadlines and comply with conditions for grid connection according to the terms of the tendering procedures, TSO will be objectively liable for damages and for any consequential loss suffered by the developer
Great Britain	National Grid for onshore (England and Wales), OFTO for offshore	- TSO not liable for any liquidated damages in the event the contracted connection date is missed. Offshore generators are heavily incentivized to use good construction practices for building offshore cables, as they face loss of revenue if they are unable to generate due to outages. - By contrast, for onshore generation, the local circuit charge faced by the generator is calculated through a number of inputs, but none of these factors are influenced by the TSO's activities to rectify faults on the local circuit assets, and so there is no route by which costs associated with rectifying cable faults will be passed through to the generator via local circuit charges.
Netherlands	TenneT	A wind energy producer is entitled to compensation for damage from the network operator of the offshore network if: - grid operator delivers the part of the grid at sea necessary for connecting the wind farm, in whole or in part, later than is included in the developer framework referred to in Article 16e, first paragraph, and as a result the producer cannot have electricity exported in whole or in part - Compensation comes from TenneT as TSO but this is passed through from the electricity consumer. The compensation accounts for electricity price and subsidies - Parties will be fully compensated for lost income and consequential damages. However, parties must evidence (the burden of proof lying with the developer) that they have been ready at that time for grid connection - TenneT must take care of the judgement of claim, and are responsible for all admin associated with this

Belgium	Elia	- Compensation from the TSO for 90% of the LCOE per MWh which could not be exported, increased with an addition fee determined by a Commission for potential additional costs. It is owed from the first day of delay until the 90th calendar day following receipt of notification of the commissioning of the facilities that were the subject of the delay. The number of days for which compensation is due is deducted from the duration of the obligation to purchase the green certificates, - Compensation from the TSO for 100% of the LCOE per MWh which could not be exported in case of an intentional error of the TSO, increased with an additional fee determined by a Commission for potential additional costs - In case the delay exceeds 12 months, a wind farm developer can request additional compensation
France	RTE	- TSO responsible for the works necessary for the grid connection (including permitting) - TSO bears grid connection costs for all the offshore wind projects implemented through a public tender - 90% of lost revenue is compensated in case grid connection delay leads to delay in CfD contract start. There is a cap at 3 years delay
Ireland	Eirgrid	- Draft Proposal: In the event of delay, the developer of offshore assets will pay 90% of the CfD strike price to the Generator, and the period of Grid Delay would be added on a like-for-like basis to the milestones for Target Commercial Operation Date and the Longstop date if the delay impacts the construction or operation of the CfD project.

RWE strongly disagrees with the introduction of Option 2 (*phased, progressive reduction of TRS*) as the *sole* method of managing delay risk. This option does not provide any compensation for generators if there is a delay in construction. Furthermore, the hypothetical reduction proposed in the consultation document is quite modest[4] and does not compare to the losses faced by the generator if the vital transmission link to shore is not completed on time. We do not believe that the threat of cutting TRS will incentivise the OFTO to speed up construction – conversely, reducing the amount of money available via the TRS may force OFTOs to search for ways to cut costs, leading to a lower quality transmission asset. We see similar incentives today in the operational phase for OFTOs, even without penalties being applied. It is also possible that the OFTO will not spend further to recover any schedule slippage. The work could even drag on until it eventually comes to a conclusion with no real active management.

RWE also disagrees with Ofgem's claim that the availability incentive has proven to be effective at incentivising OFTOs under the current 'generator build' model. While OFTOs do wish to maintain their availability in order to receive a bonus, when there is a fault or issue, the financial impact is far greater for the generator. OFTOs may wish to lose a small amount of bonus TRS rather than pay substantial amounts to fix a fault as quickly as possible. The use of Exceptional Events also means that availability figures (which determine the level of bonus received) can be adjusted after the fact, resulting in bonuses being paid to OFTOs even where availability in reality for the generator is below the level required to meet criteria for a bonus.

[4] 0.5% in first year for a 6 month delay, 1% in the first year for a 12 month delay

This is a double-whammy hit for generators, for whom financial losses will already have been incurred due to the lost generation, which is not always recoverable.

Overall, a suitable solution will involve an approach that provides fair remuneration to the generator in the event of delay, with clear and standardised treatment.

Cost increases during construction

6. Which of the four proposals offers the most suitable option for the treatment of cost increases during construction?

If the 'OFTO build' model is implemented, the OFTO ends up acting more like a TO, and should therefore be treated as such. Under the RIIO framework, cost overruns or under-spend are shared between the TO and consumers, based on a pre-determined sharing factor[5]. Therefore, of the options laid out by Ofgem, RWE's view is that option 2 (*post-construction cost assessment with materiality threshold*) is the most suitable option. Generators are already familiar with the re-opener process that is used for onshore transmission, and it could be translated to fit the 'OFTO build' model.

We strongly disagree with the use of Options 3 or 4 (*Pain-Gain*), which involve the generator having to absorb some of the cost increases. The transmission assets are not owned or constructed by the generator, and they should not be saddled with cost increases that they have no control over or responsibility for.

Regarding the following statement from the consultation document (page 33):
"We expect that generators will be able to propose a forecast based on the detailed design, which would form the basis of the cost envelope… Ofgem would undertake a cost benchmarking exercise… [before the envelope is] submitted to the ITT stage data room."

If the assets are shared, then it is not clear how the generator could forecast the cost of the transmission asset. Instead, the bidders should do this based on the design for shared grid that NGESO/NESO will presumably produce (in collaboration with all of the known projects that are due to connect to the coordinated grid). As stated by Ofgem, for the 'OFTO build' model the tender will take place before construction. So, the final transfer value (FTV) is instead an indicative transfer value (ITV), or in other words, an estimate. TRS should not be fixed when the tender is completed, as values can change due to supply chain, market impacts etc. However, if there are any impacts on TRS, these would need to be limited by a cap – developers should not be expected to write an open cheque.

RWE agrees with an exception being made for *force majeure*, and awaits Ofgem's decision on the additional arrangements that will be put in place for such a scenario.

7. What, in your view, is an appropriate calibration for the pain-gain share mechanism outlined in options 3 and 4?

No response, as we do not agree with the introduction of Options 3 or 4.

[5] See page 108 for details of how overruns work under RIIO2:
https://www.ofgem.gov.uk/sites/default/files/docs/2021/02/final_determinations_-_finance_annex_revised_002.pdf

OFTO of Last Resort

9. What do you think is the best way to deal with a failure scenario during construction?

10. In the event that the appointed OFTO cannot continue with the project, which party is best placed to take the build to completion? How should the transfer value for a partially completed project be set?

If Ofgem is minded to introduce the 'OFTO build' model for coordinated offshore transmission assets, it must prioritise a regime that reduces the risks of OFTO failure wherever possible. If OFTO failure does occur, the developer reliant on the asset must be as protected as possible from negative commercial impacts beyond their control; a failure scenario during construction would be extremely damaging for all of the offshore wind farms trying to connect to the grid via the new transmission infrastructure. The coordination aspect means that a failure in one part of the network could lead to knock-on effects in other areas, magnifying the scale of the problem. With this in mind, we see a multitude of outcomes as possible, based on the extent of the available transmission infrastructure, and the ability of generators to accept temporary 'non-firm' connection agreements.

As discussed in the Key Points section, the 'OFTO build' model should require OFTOs to act in a similar fashion to onshore TOs; they need to be financially robust in order to reduce the likelihood of a failure scenario. The current process of appointing a thinly-capitalised SPV to operate and maintain crucial offshore transmission infrastructure is not suitable for 'OFTO build' and would greatly increases the risk of stranded assets. With this in mind, an onshore TO would be well suited to take over in the event of a failure scenario, as they have the requisite financial backing and technical expertise. However, as onshore Tos are publicly funded via the RIIO regulatory framework, this is tantamount to billpayers underwriting the risk of OFTO failure.

Ofgem mentions that the 'generator build' model can be used, but this would cause issues as this model is not suitable for delivering coordinated infrastructure. In a more general sense, RWE is supportive of generators being able to own and operate their own *radial* transmission links to shore. However in this case, it is not clear which generator would take over, and which parts of the offshore transmission network they would build. Would they only build the section connecting their wind farm to shore (in other words, would the links revert to being radial?) The challenges of this are clearer than the possible solutions, given that Ofgem's proposal for 'OFTO build' does not currently propose that such OFTOs would need to be financially and technically experienced and robust. It is crucial for the confidence of both investors and billpayers that the solution to shared offshore grid design, build and operations is rooted in sound business foundations.

Finally, we would like to stress again that generators need to be appropriately compensated in the event of a failure scenario (see responses to Qs 4&5).The time taken for Ofgem to value the assets and any commercial contracts and determine an FTV would add more delays to the programme.